



IMA/Chamber Tax and Fiscal Policy Committee Meeting

Developments at the Department of Local Government Finance

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Interim Commissioner
Department of Local Government Finance
May 6, 2010



Overview

- 2009 Year in Review at DLGF
- Property Tax Relief
- Our Mission: Restoring Property Tax Billing Cycle
- New Legislation



2009: “A Year in Review”

- Forged relationships and improved communication with taxpayers, legislators, counties and taxing units
- Established Core Values and Mission of On-time Billing
- Streamlined ratio study review and data compliance processes
- Tax bills due 2 months or 36% sooner in 2009



Property Tax Relief



Effective Tax Rates

■ 2007

- Homestead = **0.95%**
- Other Real Property = **1.96%**
- Personal Property = **2.22%**

■ 2008

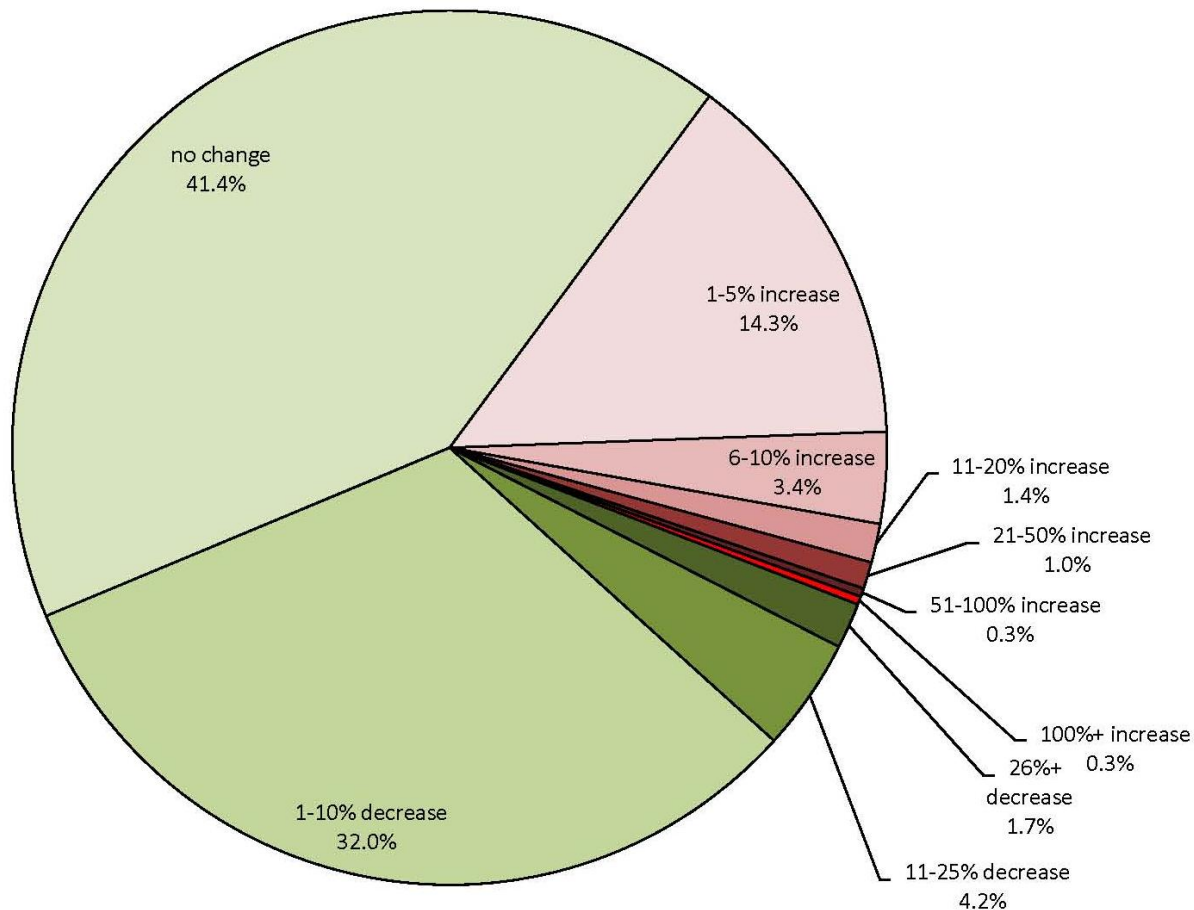
- Homestead = **0.59%**
- Other Real Property = **1.60%**
- Personal Property = **1.78%**

■ 2009

- Homestead = **0.57%**
- Other Residential, Ag Land, Long Term Care Facilities = **1.89%**
- Businesses and Other Property = **1.99%**



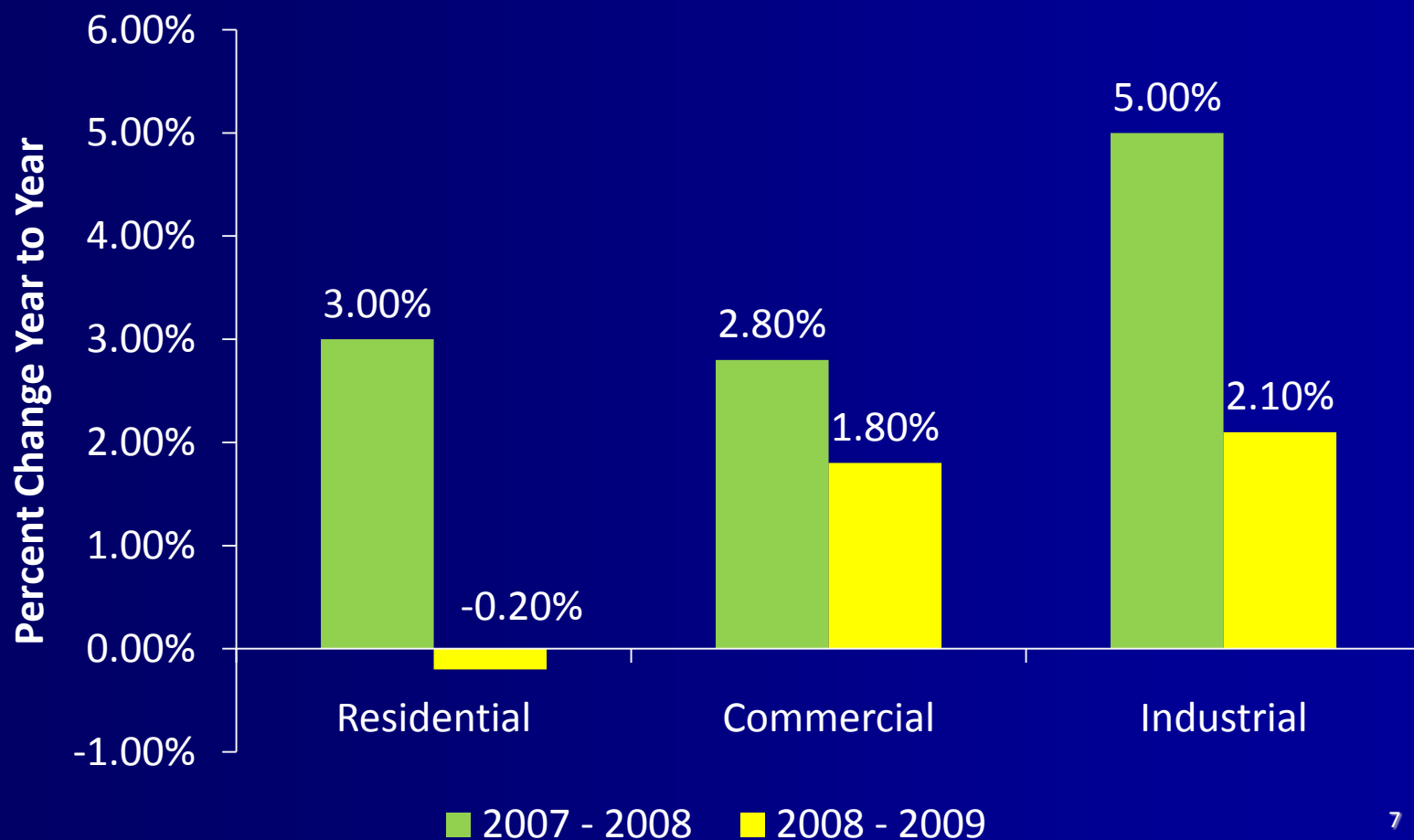
Pay09 – Pay10 Change in Residential Gross AV

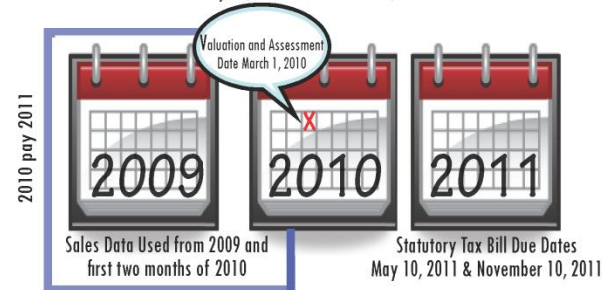
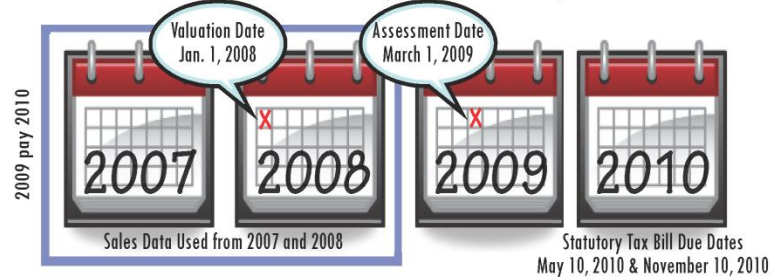
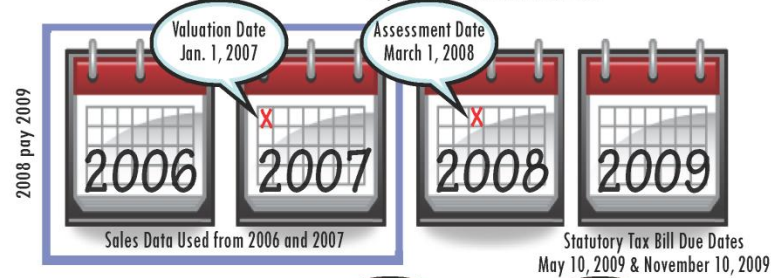
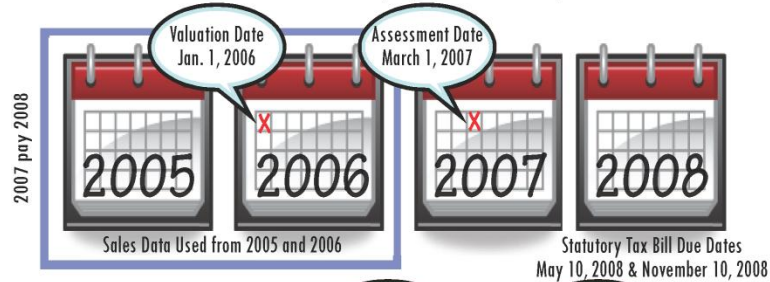
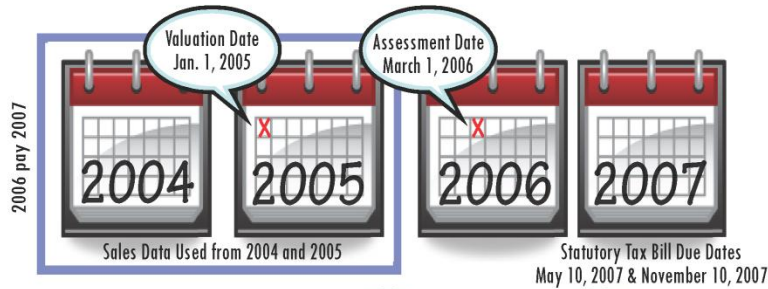




2007 to 2009

Gross Assessed Value Changes

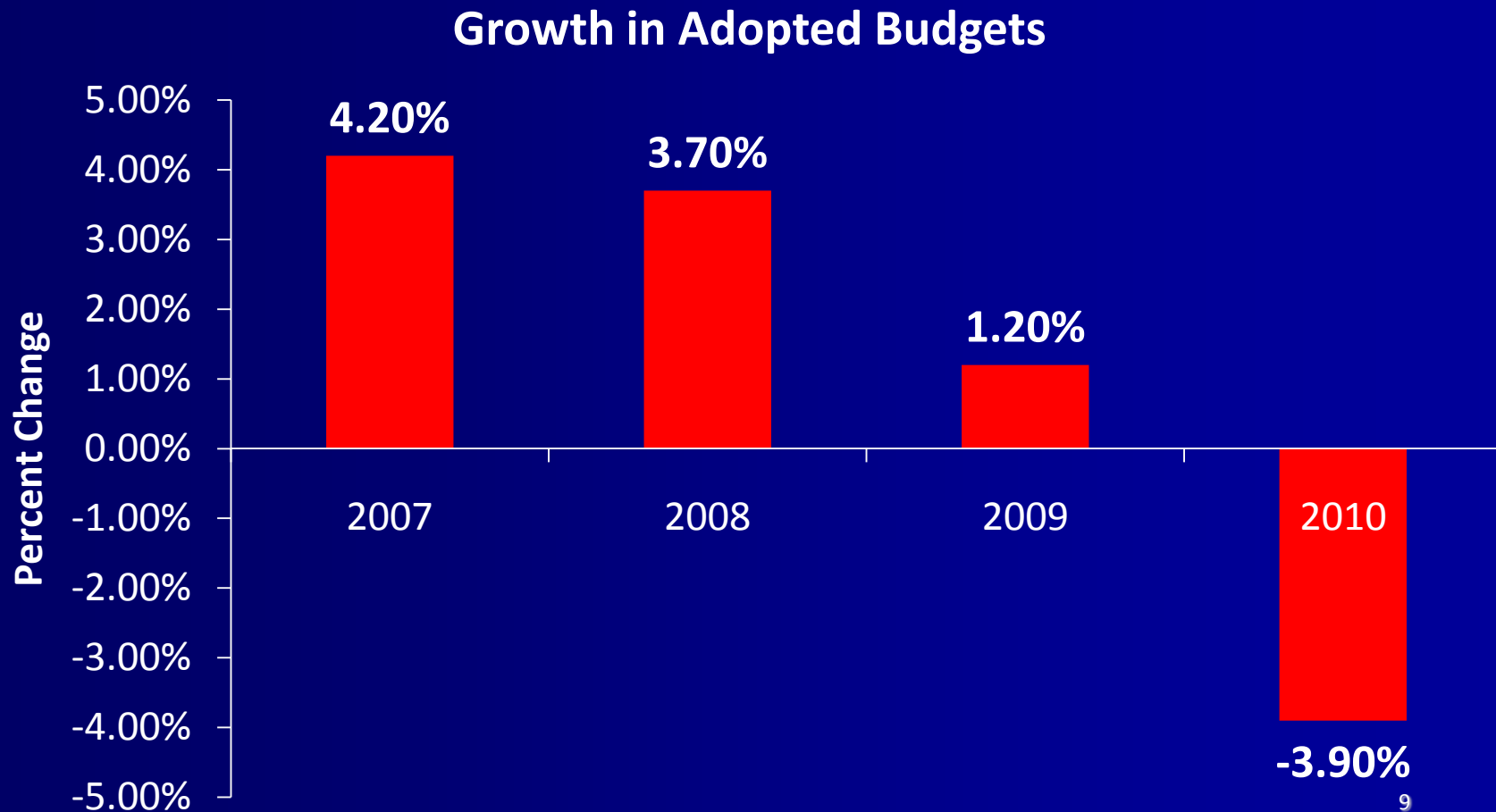




Assessment Date vs. Valuation Date
Department of Local Government Finance



Adopted Budget History





Property Tax Relief

- Circuit Breaker Caps took effect at 1.5%, 2.5% and 3.5% of property's gross assessed value in 2009.
- Beginning in 2009, State assumed \$3 billion in local spending.
- Many property owners will see additional cuts in 2010 as the caps drop to 1%, 2% and 3%.
- State-provided property tax relief has increased since 2007.
- Homeowner tax bills fell 3.3% on average from 2008 to 2009.



Restoring On-Time Property Tax Billing



2010: “The Year of No Excuses”

In response to this challenge, the DLGF Team has accomplished the following:

- Streamlined the data compliance process for assessment-sales ratio study approval purposes;
- Simplified the annual adjustment rule to allow for the use of only one year of sales and repealed the previous guidance that assessments be changed even if assessment level and uniformity statistical measures were within international standards; and
- Established a goal to issue 2010 budget orders within 60 days from receipt of certified net assessed values from the county auditor.

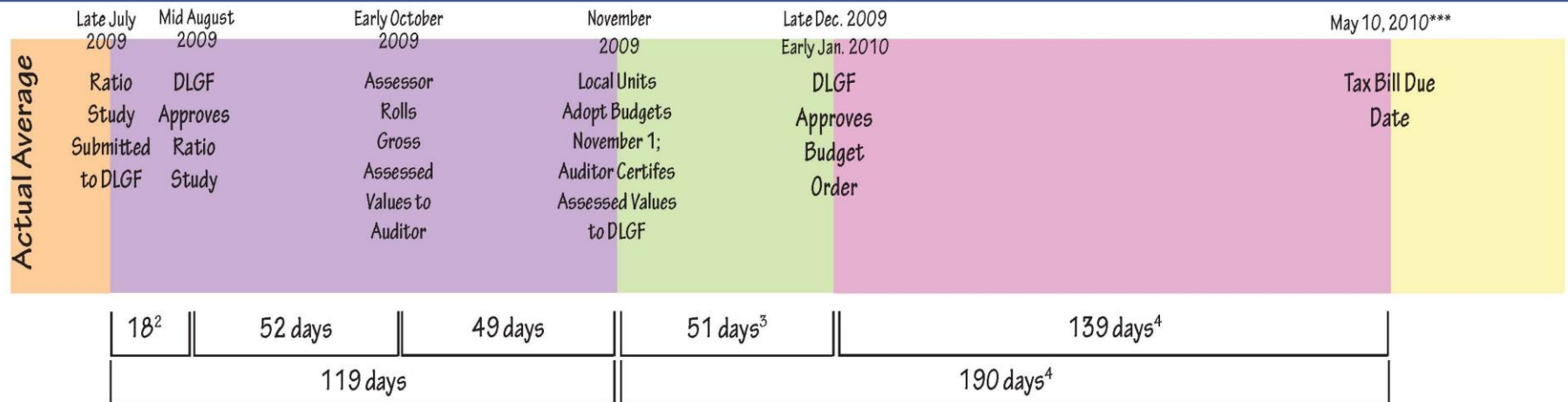
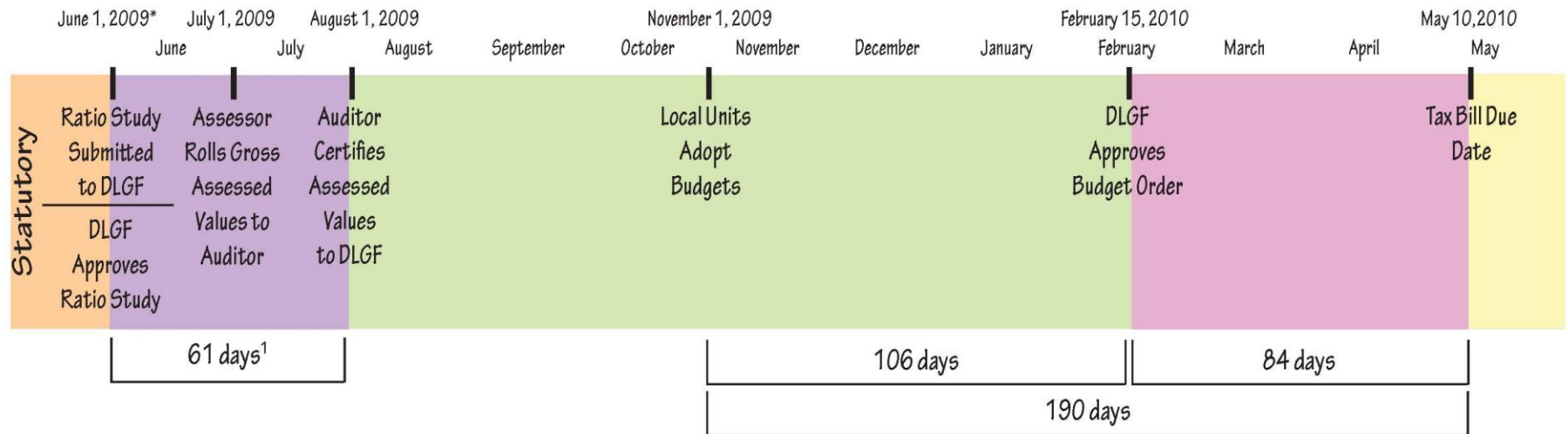


Restore On-Time Billing

- Reduce turnaround time for review and approval of ratio studies (includes counties w/data compliance issues)
 - 2007 pay 2008 – 60 days
 - 2008 pay 2009 – 55 days
 - 2009 pay 2010 – 18 days

- Reduce turnaround time for budget certification once certified assessed values are received (or local budget have been adopted)
 - 2007 pay 2008 – 45 days
 - 2008 pay 2009 – 39 days
 - 2009 pay 2010 – 51 days

Comprehensive Assessment and Budget Timeline 2009 pay 2010



¹Not a statutory deadline

²Data compliance required, resubmission possible

³Average calculated from latter of November 1 or date of net assessed value certification

⁴Projections based on May 10, 2010 average tax bill due date



2010 Achievements

- At least 84 counties will achieve on-time property tax billing
- Remaining counties (excepting one) will bill approximately four months ahead of pay-2009.
- 85% improvement from pay-2008 to pay-2010

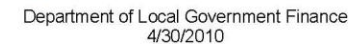


2009 Budget Certification status as of April 30, 2009

Indiana Counties

- NOTE: The current color indicates the previous step has been completed or approved.

A date indicates the date a county reached their most recently completed step.





2010 Budget Certification status as of April 30, 2010

Status Maps:

<http://www.in.gov/dlgf/6827.htm>

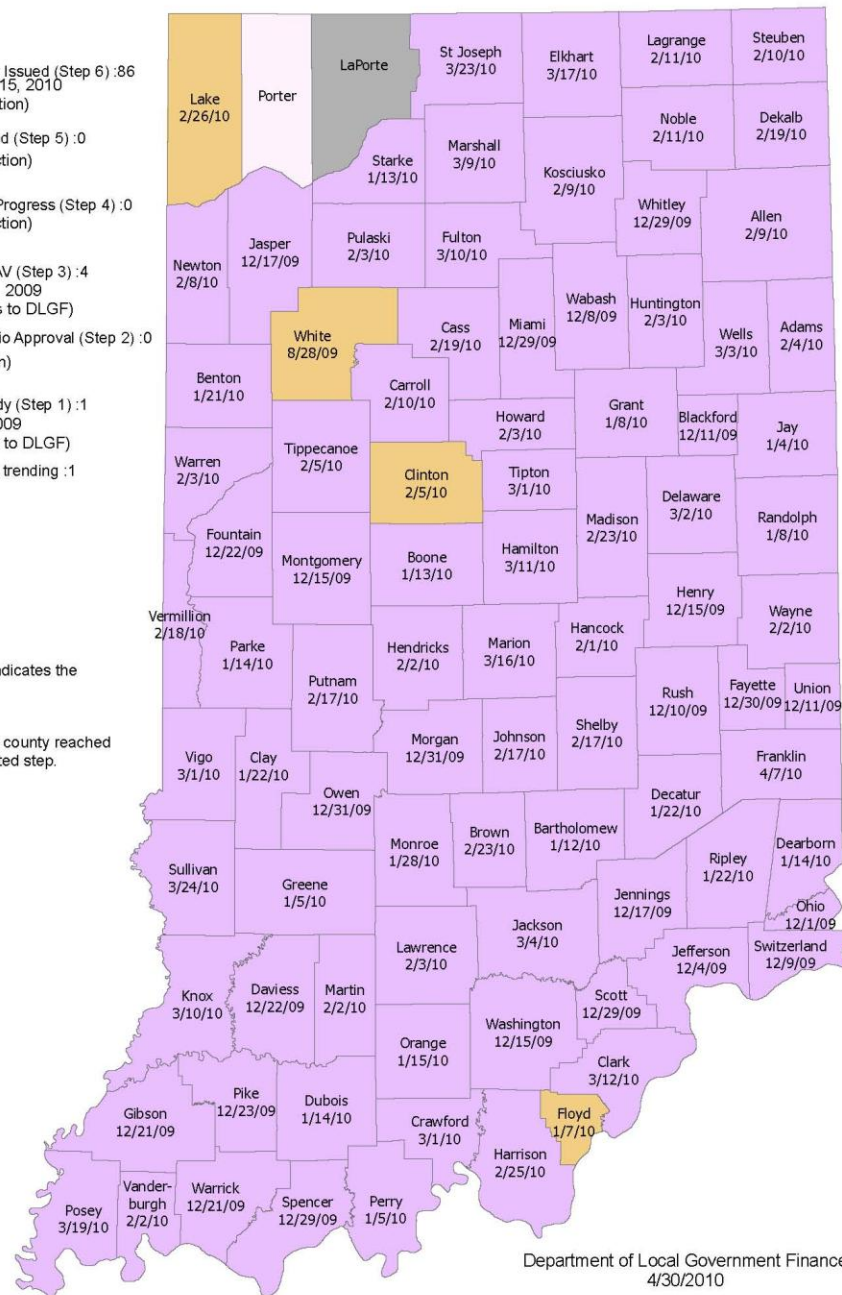
2009 pay 2010 Budget Certification Status Map As of April 30, 2010

Indiana Counties

- Final Budget Order Issued (Step 6) :86
Due February 15, 2010
(DLGF Action)
- 1782 Notices Issued (Step 5) :0
(DLGF Action)
- Budget Review in Progress (Step 4) :0
(DLGF Action)
- Awaiting Certified AV (Step 3) :4
Due August 1, 2009
(Co. Auditor Sends to DLGF)
- Awaiting Sales Ratio Approval (Step 2) :0
(DLGF Action)
- Awaiting Ratio Study (Step 1) :1
Due Spring 2009
(Co. Assessor sends to DLGF)
- State is performing trending :1

NOTE: The current color indicates the previous step has been completed or approved.

A date indicates the date a county reached their most recently completed step.



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2011 Budget Certification status as of April 30, 2010

Status Maps:

<http://www.in.gov/dlgf/6827.htm>

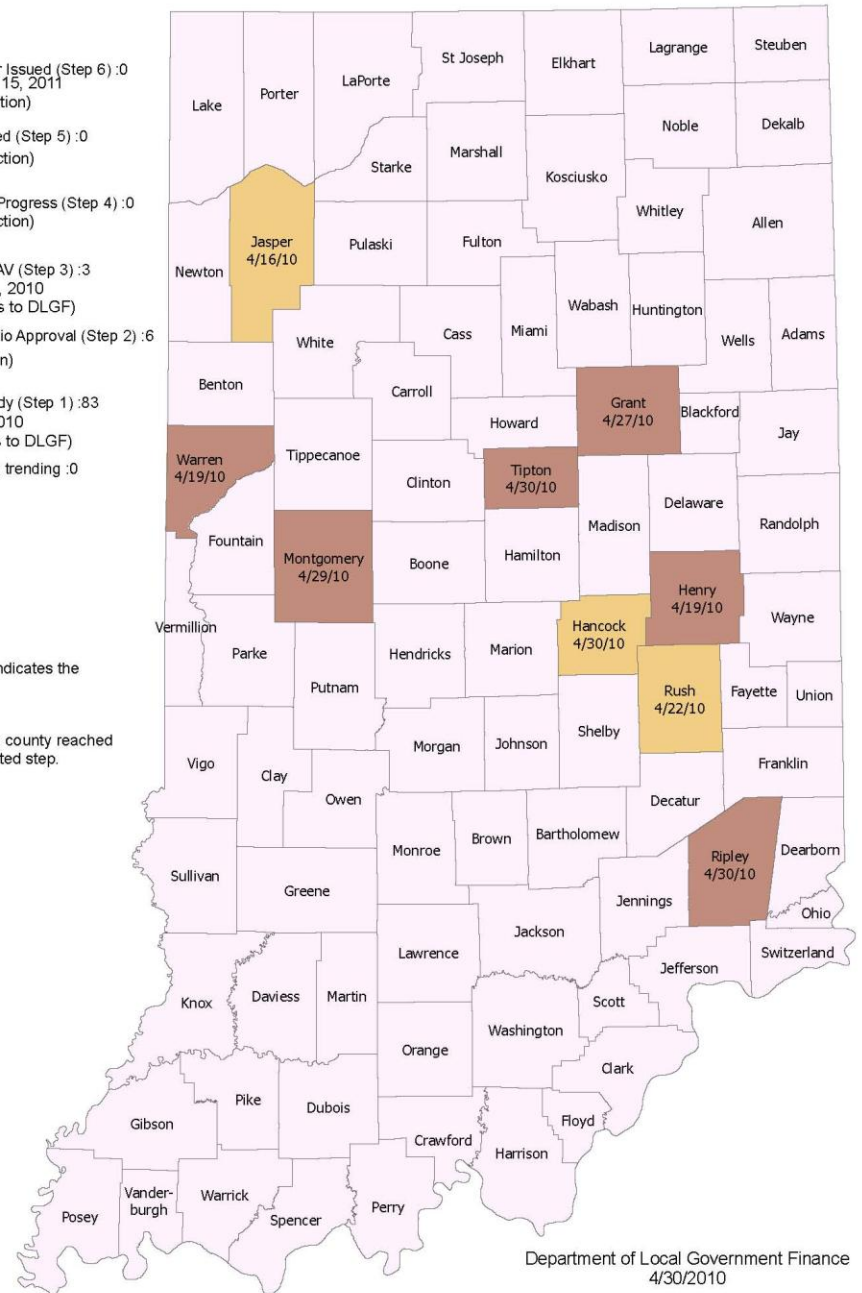
2010 pay 2011 Budget Certification Status Map As of April 30, 2010

Indiana Counties

- Final Budget Order Issued (Step 6) :0
Due February 15, 2011
(DLGF Action)
- 1782 Notices Issued (Step 5) :0
(DLGF Action)
- Budget Review in Progress (Step 4) :0
(DLGF Action)
- Awaiting Certified AV (Step 3) :3
Due August 1, 2010
(Co. Auditor Sends to DLGF)
- Awaiting Sales Ratio Approval (Step 2) :6
(DLGF Action)
- Awaiting Ratio Study (Step 1) :83
Due Spring 2010
(Co. Assessor sends to DLGF)
- State is performing trending :0

NOTE: The current color indicates the previous step has been completed or approved.

A date indicates the date a county reached their most recently completed step.



Department of Local Government Finance
4/30/2010



2011: Timeliness, Tools and Transparency

- **Timeliness**
 - Statutory deadlines must be met
- **Tools**
 - DLGF provides property tax and credit rate calculators
 - DLGF provides Circuit Breaker allocation calculator
 - DLGF provides standard reports
- **Transparency**
 - Additional review, education and training



New Legislation



Revised Ag Land Base Rate

- SEA 396-2010; IC 6-1.1-4-4.5
- Effective 2010-pay-2011
- Highest market value year dropped
- Use only the five lowest market value years out of a rolling six-year comparison
- New 2010 base rate is \$1,290 per acre (previously \$1,400)



Assessment Changes

- HEA 1086-2010
- Assessor must document all changes to parcel characteristics and reasons for those changes
- Assessor must complete annual adjustment process and roll gross assessed values to auditor before July 2
- Petition for reassessment applies only to the most recent real property assessment date
- County assessor determines land values and submits them to PTABOA no later than July 1, 2011
- Department no longer authorized to rescind an order requiring a state conducted assessment or reassessment



Petition and Remonstrance

- SEA 401-2010; IC 6-1.1-20
- Effective July 1, 2010
- Personal property mobile/manufactured homestead owners may now participate in the petition and remonstrance process
- Previously only real property owners and registered voters could participate



Certified Tech Park Deduction

- HEA 1086-2010, Section 28; IC 6-1.1-12.7
- Effective July 1, 2010
- Deduction for qualified personal property in a certified technology park
- First available 2011-pay-2012
- Equal to 100% of the assessed value for each year specified in the adopted ordinance
- Ordinance must be adopted prior to January 1 of the first year the deduction is claimed



Max Levy Calculations

- HEA 1086-2010; IC 6-1.1-18.5
- Changes effective beginning 2010-pay-2011
- Cash Balances
 - Unit may petition for adjustment to max levy based on the use of cash balances
- Fire Protection Levy
 - Units may petition for an adjustment to the max levy
 - Previously max levy not annually increased by more than the assessed value growth quotient minus one



Tax Sale of Vacant Parcels

- HEA 1324-2010; IC 6-1.1-24-6.8
- Eligible vacant parcels must:
 - Have a county lien from prior tax sale
 - Be unimproved on date of sale
 - Be legally eligible for residential construction
 - Be contiguous to at least one parcel with occupied residential homestead structure
- Successful applicant can purchase vacant property for \$1
- Purchased property eligible for exemption



Tax Surplus Fund

- HEA 1183-2010
- Court direction needed to issue tax sale surplus claim warrant to owner of record who acquired property after tax sale or someone who is not the owner of record including those with power of attorney
- New section IC 6-1.1-24-7.5 protects property owners by placing limitations and requirements on tax sale surplus agreements
- New subsection IC 6-1.1-25-11(d) concerns the effect of invalidation of the tax sale on paid surplus claims



Mortgage Deduction

- SEA 223-2010; IC 6-1.1-12-1
- Mortgage deduction can be received for any mortgage, installment loan, or other instrument or memorandum including a home equity line of credit
- Must be recorded with county recorder
- Balance must exist on the recorded instrument
- Public notice will be displayed in auditor's office regarding eligibility and penalties for perjury



Provisional Tax Bills

- HEA 1059-2010
- Beginning for taxes payable in 2010
- County required to issue provisional bill if auditor fails to deliver abstract to treasurer by April 1
- Provisional bills issued 15 days prior to May 10 due date
- Counties may request a waiver for requirement



Contact The Department

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